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USDOC FOR 532/OEA/LHINES/DFARROW  
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM  
ZARIT  
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: BMGT BEXP HK ETRD ETTC

SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION:  
GIATEK CORPORATION LIMITED

REF: A) USDOC 06881

1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶12. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO), accompanied by Commercial Assistant Sandy Lai, conducted a post shipment verification (PSV) at Giatek Corporation Limited (Giatek), Unit A, 9th Floor, Roxy Industrial Center, 58-66 Tai Lin Pai Road, Kwai Chung, Hong Kong. The items in question are monolithic analogic integrated circuits exported to Giatek on or about September 1, 2006 and valued at USD 8,600. While the export documentation for these items does not include an Export Control Classification Number (ECCN), related documentation provided by OEA (invoice) suggests that these items are likely classified as EAR99. Items properly classified as EAR99 may be exported/reexported to virtually all destinations and end-users worldwide, license free. The exporter was Texas Instruments, Inc. of Dallas Texas.

¶13. The ECO and Commercial Assistant visited Giatek at the address referenced above on January 8, 2007 and met with Terence Lee, Division Manager and Ms. Margo Tsang, HR and Administration Manager as well as export compliance manager. Mr. Lee provided background on Giatek and its parent company, Yosun Group. Yosun is a Taiwan listed company with close to 1,000 worldwide employees (600 in Hong Kong and mainland China). Giatek provides consulting and related equipment sales to mainland electronics manufacturing facilities. The equipment sales are the logical outgrowth of the consulting business, which involves consulting on the best inputs for certain types of electronics manufacturing. In particular, Giatek provides advice on appropriate inputs and then procures them on behalf of its clients. More information on Yosun and Giatek may be found at [www.yosungroup.com](http://www.yosungroup.com).

¶14. With respect to the shipment that was the subject of the PSV, Mr. Lee provided the applicable documentation reflecting that the items had been received by Giatek and subsequently resold to purchasers in Hong Kong.

¶15. Mr. Lee and Ms. Tsang also stated that Giatek

complies with both U.S. and Hong Kong export licensing rules. Ms. Tsang provided an English language copy of Giatek's "Export Control Management System". That document is most unusual in this ECO's experience in that it incorporates many of the "best practices" associated with corporate internal compliance programs including lines of authority over export compliance matters, screening procedures for order taking that include checks against problematic end-uses and end-users as well as screening against BIS's denied parties lists. The document also calls for ongoing training for employees in export compliance matters. While the document is not perfect, it reflects a remarkable understanding of U.S. and Hong Kong export control rules by a Hong Kong company.

¶6. At the time visited, Giatek appeared to be a suitable recipient of the commodities shipped since Giatek cooperated with the PSV and provided all requested information concerning the final disposition of the applicable items. At the same time, the ECO was not able to inspect the subject items as they had already been delivered to Giatek's customers. Consistent with guidance on reporting of PSVs where the items cannot be physically inspected, the ECO recommends that this PSV be classified as Limited.